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CBS'S "FACE THE NATION"

MAY 19, 2013

SPEAKERS: BOB SCHIEFFER, HOST

DAN PFEIFFER, SR. ADVISER TO THE PRESIDENT

SEN. JOHN CORNYN, R-TEXAS

REP. JASON CHAFFETZ, R-UTAH

GARY PRUITT, CEO, ASSOCIATED PRESS [*] SCHIEFFER: Today on Face the Nation the white house hits the scandal trifecta -- after admitting they targeted conservative groups, the IRS, the agency that America loves to hate, took center stage on Capitol Hill.

(BEGIN VIDEO CLIP)

UNIDENTIFIED MALE; Your arguing today that the IRS is not corrupt. But the subtext of that is you're saying, look, we're just incompetent.

REP. JOHN BOEHNER, (R) OHIO: My question is who's going to jail over this scandal?

UNIDENTIFIED MALE: This is absolutely an over-reach and this is an outrage for all America.

UNIDENTIFIED MALE: It is absolutely not illegal.

UNIDENTIFIED MALE: It's not illegal what the IRS has done?

(END VIDEO CLIP)

SCHIEFFER: Among those who claimed not to know about it was the president. Now he's angry, too.

(BEGIN VIDEO CLIP)

BARACK OBAMA, PRESIDENT OF THE UNITED STATES: It's unexcusable. And Americans are right to be angry about it. I am angry about it. I'm outraged by this.

(END VIDEO CLIP)

SCHIEFFER: He should be because there is a perfect storm brewing over the administration's handling of the IRS case, the attacks in Benghazi, and the FBI investigation of leaks at the Associated Press.

The White House is sending out senior adviser Dan Pfeiffer to explain.

We'll also hear from two key Republicans, Texas Senator John Cornyn, number two in the Senate Republican leadership, and Congressman Jason Chaffetz.

Did the Justice Department overreach when it seized phone records of scores of Associated Press reporters? We'll get the AP's side from their top executive, Gary Pruitt, plus analysis from Dan Balz of the Washington Post," Lois Romano of Politico, David Sanger of the "New York Times," and our own John Dickerson.

(BEGIN VIDEO CLIP)

UNIDENTIFIED MALE: Commissioner Miller, why didn't you tell the truth when you were asked directly by congress?

(END VIDEO CLIP)

SCHIEFFER: It's the question of the week. And we'll try to get answers on Face the Nation.

ANNOUNCER: From CBS News in Washington, Face the Nation with Bob Schieffer.

SCHIEFFER: And good morning again.

Dan Pfeiffer is a senior adviser to President Obama. We welcome you, sir, to the broadcast.

So the White House is involved in all of these controversies all of a sudden, but yesterday, the White House leaks the story to the "New York Times" that says the White House chief of staff, Dennis McDonough, has told his staff not to spend any more than 10 percent of their time on these issues.

Does that mean you don't take any of this seriously?

PFEIFFER: Oh, no, absolutely not. There are some very serious issues here, and particular the IRS where there was inexcusable conduct that needs to be fixed and that's going to happen.

The point our chief of staff is making is that this is the Republican playbook here, which is try -- and they don't have a positive agenda -- to try to drag Washington into a swamp of partisan fishing expeditions, trumped up hearings and false allegations. We're not going to let that distract us and the president from actually doing the people's work and fighting for the middle class.

SCHIEFFER: You know, I do not want to compare this in any way to Watergate. I do not think this is Watergate by any stretch. but you weren't born then, I would guess, but I have to tell you that is exactly the approach that the Nixon administration took. They said, these are all second-rate things. We don't have time for this. We have to devote our time to the people's business. You're taking exactly the same line that they did.

PFEIFFER: No, I -- as you were correct, I was not born then. But I want to be very clear, what happened at the IRS was inexcusable, and we have to do something about it. And so the president has appointed an acting commissioner, who is a career public servant, who served presidents of both parties who is going to do a top-down review. We have got to make sure this never happens again. It was an incredible breach of the public's trust and we have to repair that breach. No question about that.

SCHIEFFER: Well, if it is so important, the president as I understand it, says he didn't find out about it until a couple of weeks ago. It is very difficult for me -- Washington being Washington -- to understand how the White House wouldn't have known something was up. The Treasury Department was informed, there was an investigation. Capitol Hill committees were informed there was an investigation. Are you trying to tell me that a wisp of this didn't get over to the White House during an election year, that there may be something going on over there at the IRS that we out to find out about?

PFEIFFER: Yes, I'm telling you that. The first that the White House was made aware of it was from the Treasury Department a few weeks ago, not the details of what happened, not the results of an investigation, but that an independent investigation was about to conclude.

And here's how we handle this -- and this is how I think every administration tries to handle this, is you have a cardinal rule, which is you do nothing to interfere with an independent investigation and you do nothing to offer the appearance of interfering in an investigation. So I think we handled this the appropriate way.

SCHIEFFER: Well, if the president was so upset about this when he found out about it, why did he wait three days to say anything?

PFEIFFER: Because what we waited for were the facts. Up until Wednesday night was the first time we saw an actual report. I recognize that there were leaks from Capitol Hill, parts of the report were leaked out to reporters. We got the report on Wednesday night, because it's important to get out there fast, but it's important to get out there right.

And so once we had the facts, within hours the president had met with the Treasury Department, spoken to the nation, the acting IRS commissioner had resigned, and he had directed a set of steps to make sure this never happens again.

SCHIEFFER: I'm sure you read the Washington Post this morning. The way they put it was this way, "this is an example of the great paradox of the Obama presidency. Sometimes he uses the office as aggressively as anyone who has ever held it, other times he seems unacquainted with the work of his own administration."

Is the president out of touch?

PFEIFFER: No, I think the -- what would be an actual real scandal in Washington would be if want president had been involved or interfered in an IRS investigation or at the Department of Justice. This was handled in the right way.

The question I think is what happens when the problems come to light? Do you take decisive action to fix them, that is what the president is doing.

SCHIEFFER: The president has said before that he wants this to be the most transparent administration in history. Do you think you're fulfilling that -- that goal?

PFEIFFER: Absolutely. We have taken steps, including making available to the public for the first time ever, the records of who comes and goes from the White House. We have taken steps to open up transparency in data across the government. Is there more work to do? Absolutely. But we have taken steps no other president has taken.

SCHIEFFER: But you didn't know what the IRS was up to.

PFEIFFER: Nor should we. As I said, the IRS is an agency that has a historical independence that -- for the exact scandal you brought up is why the independence exists and we respect that independence.

SCHIEFFER: But Mr. Pfeiffer, and I don't mean to be argumentative here, but the president is in charge of the executive branch of the government. It's my -- I'll just make this as an assertion -- when the executive branch does things right, there doesn't seem to be any hesitancy of the White House to take credit for that. When Osama bin Laden was killed, the president didn't waste any time getting out there and telling people about it. But with all of these things, when these things happen, you seem to send out officials many times who don't even seem to know what has happened.

And I use as example of that Susan Rice who had no connection whatsoever to the events that took place in Benghazi, and yet she was sent out appeared on this broadcast, and other Sunday broadcasts, five days after it happens. And I'm not here to get in an argument with you about who changed which word in the talking point and all that.

The bottom line is what she told the American people that day bore no resemblance to what had happened on the ground in an incident where four Americans were killed.

PFEIFFER: But what she said and now that the talking points have been released -- or the e-mails were released, we know what she was saying is what the CIA believed at the time. When we got additional information, we put that out. We tried to get it as right as we could. And as we got knew information, we shared it with the American people.

And you said -- you raised the issue of what words were changed. That's a very serious offense that happened where Republicans on The Hill, we voluntarily provided these e-mails to, took one of them, doctored it and gave it to ABC News in an attempt to smear the president.

The e-mails were very clear, that what Ambassador Rice spoke about, what we believed was what the CIA believed at the time.

When we got new information, we updated the American people.

SCHIEFFER: What I'm saying to you is that was just PR, that was just a PR plan to send out somebody who didn't know anything about what happened. Why did you do that? Why didn't the secretary of state come and tell us what they knew and if you knew nothing say we don't know yet? Why didn't the White House chief of staff come out? And I mean would -- and I mean this as no disrespect to you, why are you here today? Why isn't the White House chief of staff here to tell us what happened?

PFEIFFER: Well, let's start with Susan Rice. She went -- Ambassador Rice went out that day, and represented the administration and spoke to what happened with the best information we had, that everyone in the administration had, was what she looked at. And that was the consensus of the intelligence community.

What we do is we want to go out and speak to the problems as they happened.

And what's important here is that when problems happen, is that the president takes responsibility for them and tries to fix them. And that's what we're talking about in Benghazi. Because you're right, that is an absolute tragedy what happened.

And the question isn't who edited what talking points, that is largely irrelevant. What is relevant is what are we going to do to make sure that never happens again which is why the president is calling on congress to pass legislation to beef up embassy security around around the world and protect our diplomats who by their very -- the definition of their jobs are existing in an environment of risk.

SCHIEFFER: Well, I want to thank you for coming this morning. I know this is not an easy job for -- I mean, do you kind of feel like someone who drew the black bean here? You're the one who has to go out and try to explain?

PFEIFFER: Oh no, it's a privilege to be here with you, Bob.

SCHIEFFER: OK, we taped that just a few minutes ago.

We're now going to get some reaction. We're joined by Texas Senator John Cornyn, who is the number two Republican in the senate. Your reaction.

CORNYN: Well, I just think it's implausible. It seems to be the answer of the administration whenever they're caught doing something they shouldn't be doing is "I didn't know about it." And it causes me to wonder whether they believe willful ignorance is a defense when it's your job to know.

But given the trend line we're seeing here, Bob, in so many different instances, it's unfortunately, a culture, I think in the administration that it's OK to cover these things up.

And part of it has to do with the intimidation that the administration is using against some of its critics. You see that in the AP story. You see that in the Tea Party story. There are so many common elements here. So I really think it is a culture of cover-ups and intimidation that is getting the administration in so much trouble.

SCHIEFFER: Let me just ask you this: Do you have any evidence -- evidence, not hearsay or any of that -- any evidence that would contradict the president's statement that he didn't know anything about this until two weeks ago?

CORNYN: All I know is what I read in the press and listen to you and other members of the news media say. What we do know is that Secretary Lew, the Treasury secretary, shortly after he was confirmed in March, said he knew about this.

And then the president -- I'm talking now about the IRS scandal -- and the president himself said he didn't learn about it until May 11th when he read it in the newspaper. That's either evidence to me of somebody not doing their job or the kind of willful ignorance I alluded to earlier or trying to cover things up.

So that's why it's important to have a bipartisan investigation, as we will begin this week in the Senate Finance Committee. Senator Baucus, a Democrat, and Senator Hatch, a Republican, will conduct a respectful but thorough investigation and get to the bottom of that particular scandal.

SCHIEFFER: Do you have any concern that Republicans may overplay their hands in all this?

In fact, we have heard that some of your leadership -- and you're part of the leadership -- has gone to Republicans and said "Let's be careful here. This is serious stuff. Let's -- let's not take it where it ought not to go"?

CORNYN: Well, I think we need to have a fair and respectful process and not put the cart ahead of the horse. I agree with those that say let's calm down; let's be deliberate; let's be methodical; let's be thorough, and get to the bottom of all of these scandals so the American people can know exactly what happened.

As I said at the beginning, there is a credibility problem that this administration has, and if we're ever going to regain the public's confidence, they need to know what the facts are; they need to know we're doing our job by getting those out in public.

SCHIEFFER: You were one of the first to demand the firing of Steven Miller, who was the acting head of the IRS. Do you think more needs to be done on that front?

CORNYN: I do. I wrote to the commissioner of the IRS and -- because I got constituent inquiries from Houston, Waco and San Antonio, some Tea Party groups there, who thought they were being unfairly targeted back in 2010 and 2011.

And what we know now is the IRS, including Mr. Miller, lied to Congress, lied to me, more importantly, lied to the American people in saying there was no such political targeting going on.

SCHIEFFER: Well, from what you know about it now, do you think this was something that was just generated within the IRS or do you think they were acting on orders from somebody else? CORNYN: Well, that's where I think the culture or the environment that the administration has created here, that it's OK to cover things up; it's

OK to intimidate your political adversaries is important.

You've been around bureaucracies a long time, as I have, and bureaucrats don't take risks unless they have a signal, either explicit or implicit, from their higher-ups that what you're doing is exactly what we expect you to do. So I have a very hard time believing that this was something cooked up in Cincinnati from mid-level employees at the IRS. That's just implausible.

SCHIEFFER: Let me ask you about this AP leak case. And this was a case where the Associated Press had a story. It was about how the CIA had broken up a terrorist plot to put bombs on aircraft. It was a good story that would have reflected well -- did reflect well on the administration.

They got the story. When they got it, the AP said the -- the CIA asked the AP to hold up with that story for a while. They did. And finally, they decided to go with it after five days, but only after the CIA told them it was OK to go with it, that the threat to people involved had passed.

What -- what's your take on all of this?

CORNYN: Well, the national security leaks are very important that we get to the bottom of it. But what -- what confuses me is the focus on the press, who have a constitutional right here -- and we depend on the press to get to the bottom of so many issues that we as individuals cannot.

Why the focus so much on the press with this broad net they cast over reporters and their phone records, rather than focus on the leaker?

To me the focus should be on the leaker and not so much on the people who report what the leaker put out in the public domain. And that's why I've written to the attorney general, why I believe we need to have hearings in the Senate Judiciary Committee to ask Attorney General Holder just why that's so.

SCHIEFFER: Well, the attorney general recused himself because he said he was also questioned here. But you're on the Judiciary Committee. Do you have any indication or have you found out anything about when he recused himself, or is there any record of when he recused himself?

CORNYN: Well, as -- as you know, Bob, I used to be a judge in my earlier life, and -- in Texas -- and it's unusual to have a recusal of a judge or an official that's not in writing. And, apparently, Attorney General Holder did not put anything in writing, so we have no evidence of when he actually recused himself.

And here again, whoever it is, we want to get him in front of the Judiciary Committee, put him under oath and get to the bottom of it. I think we have to do that to regain the public's confidence.

SCHIEFFER: Do you think he should step down?

CORNYN: You know, I -- I've lost confidence in the attorney general a long time ago over his cover-up over the Fast and Furious investigation and the bogus claim of executive privilege when Congress tried to get to the bottom of that, which in part resulted in him being the first attorney general held in contempt of Congress.

I think it's past time for him to go and for the president to appoint somebody who the public can have confidence in.

SCHIEFFER: Senator Cornyn, thank you for being with us.

CORNYN: Thank you, Bob.

SCHIEFFER: We'll be back in one minute.

(COMMERCIAL BREAK)

SCHIEFFER: We're back now with another key Republican who has been asking a lot of questions, Utah Congressman Jason Chaffetz.

Mr. Chaffetz, thank you for coming.

You heard Dan Pfeiffer. He said they've released more than 100 e-mails that should help people understand why they came to the talking points that we heard that Sunday morning after Benghazi that were given out by Susan Rice.

CHAFFETZ: Well, listen, I'll always applaud the release of documents, but let's put it in perspective, Bob. There are nearly 25,000 documents that they haven't released, most of which are unclassified. Release those.

Most troublesome is one that we found in a pile that was done on September 12th, hours after the attack. It was even before the wounded had been evacuated to Germany. It was done before the fast team, the Marines, had come in to secure Tripoli. In this e-mail, Beth Jones from the State Department to the senior people at the State Department, says that she told the Libyan ambassador -- we, the United States told Libya that it was Ansar al-Sharia, Islamic extremist, that committed this attack.

And then it was the president of Libya that came on "Face the Nation" and -- and talked about this, only to have Susan Rice come and say it was something different. That we knew within hours. Why didn't we release that information, and why won't the White House today, right now, unclassified, release that document?

SCHIEFFER: So what do you think is going on here?

CHAFFETZ: Look, this -- this -- this administration said they want to be open and transparent, but they haven't. Let's understand, we have four dead Americans -- four dead Americans. We have a military that couldn't get there in less than 24 hours. We have a death trap that was in Benghazi and in Tripoli that didn't meet the most minimum of standards, and yet four and a half months after the attack, the secretary of state still says, well, the people on the ground made those decisions. The people on the ground never made those decisions.

And then you have Susan Rice and the president and the secretary of state and the secretary of defense, for weeks, telling the American people, well, it was this video gone awry, and there was this -- this, you know, this mob that came -- that was never true. People deserve the truth, and the families deserve the truth. I can't imagine that this administration would say those same things about what happened in Boston, where we had four people killed by terrorists.

SCHIEFFER: Do you think that these talking points -- did the administration -- did they change things to make it appear that the e-mails said what they finally...

(CROSSTALK)

CHAFFETZ: Well, look, the consequence of Susan Rice going on the Sunday talk shows and spewing what is totally untrue thwarted their ability to get the FBI -- remember, it took 18 days for the FBI to get in Benghazi -- 18 days. Imagine if that happened in Boston. We would be outraged, and we should be outraged about this.

So, we weren't able to investigate. We still have terrorists that committed these attacks that are out there. They're on the loose. We don't know where they are. And we have facilities will through North Africa and other parts of the world that are not as secure as they need to be.

So, all I'm seeking is the truth. That's my job. I'm in the United States Congress. I am the subcommittee chairman on oversight. All we ask for is the truth, That's what we want. No matter where it takes us. The president says he wants that, but I can tell you, there is no action by the White House or the Department of State, that would back that statement up.

SCHIEFFER: You did go to Benghazi

CHAFFETZ: Well, I went to Libya. I went to Tripoli. And I was there about three and a half weeks after. And it was interesting, the entire time I was there, there was not a single person who ever mentioned the video because it never happened. And when you have this whole thing going down, and you have the days after, and you're preparing for the Sunday talk shows, as we heard Gregory Hicks, you know, decades of service this country, a nonpolitical person, do you think they would call the chief of mission in Libya and say, "hey, what happened? Let's get your perspective?" They never even called him. He's the one person who did know what went on. And they didn't even call him.

SCHIEFFER: Let me ask you quickly about the IRS situation. Do you have any evidence that anyone outside the IRS was telling the IRS people to give those folks in the Tea Party a hard time?

CHAFFETZ: no. but this demands an investigation. I'm glad to see a very bipartisan effort. we have a hearing coming up on Wednesday. Chairman Issa, Jim Jordan out of Ohio are leading this investigation. But I don't have anything directly that says there was somebody else, but it does sort of boggle the mind and raise the eyebrow to suggest it was some lowly person in some mid-level office. I think, as Senator Cornyn said, that seems implausible.

SCHIEFFER: All right, congressman, thank you.

CHAFFETZ: It's an honor to be here. Thank you.

SCHIEFFER: Thank you very much. Hope to see you again.

We'll be back with some personal thoughts about all of this in one minute.

(COMMERCIAL BREAK)

SCHIEFFER: You heard Dan Pfeiffer earlier in the broadcast say that he wasn't born when Watergate happened. Well, it will come as no news to anyone that I was. And when the burglars broke into Democratic headquarters at the Watergate, a lot of us back then found it hard to believe. Why would anyone break in to a political headquarters? What did they hope to find -- bumper stickers? Yard signs? Nobody is dumb enough to pull a stunt like that. But they were.

I admit, I had about the same reaction when I first heard the IRS had gone after the Tea Party last year, the Tea Party? Surely no one could be dumb enough to think you could get away with something like that in an election year. But they were. So welcome to dumb and dumber.

It did take a while for the news to get to some quarters. We heard that the president said he didn't find out about it until last week, last week, which qualified him for Washington's fastest growing club the longer and longer list of officials who suddenly don't know much about a lot of unpleasant things from Benghazi to the Associated Press investigation.

At this point, just spare me the talking points and the excuses. No matter whether Republicans or Democrats are doing this kind of thing, this stuff is not just wrong, it's really stupid. And it will take more than firing a few temps and low-level bureaucrats to fix it.

The president won reelection with a smart political team, but the election is over. Maybe he should now for people of substance who know about other things who could help him govern.

Back in a minute.

(COMMERCIAL BREAK)

SCHIEFFER: Well, some of our stations are leaving us now. For the rest of you, we'll be back with an interview with the president and chief executive officer of the Associated Press, Gary Pruitt. It's his first interview since word came that the Justice Department had secretly subpoenaed the AP's phone records in a leak case.

Plus we'll have our political panel, Dan Balz of the Washington Post. David Sanger of the New York Times, Lois Romano of Politico, and our own John Dickerson.

So stay with us.

(COMMERCIAL BREAK)

SCHIEFFER: And welcome back now to Face the Nation.

Gary Pruitt is the CEO and president of the associated Press. Welcome to Face the Nation, the first interview for your television since this happened.

PRUITT: Thank you.

SCHIEFFER: How did you find out about this? I mean, suddenly you got a letter from the Justice Department?

PRUITT: We were notified by the U.S. attorney from the Washington, D.C. district.

SCHIEFFER: That you -- that the phone records of -- tell me exactly what they did.

PRUITT: Yes, what they did was they issued a secret subpoena for the phone toll records for 21 AP phone lines. And these were phone lines for reporters, direct lines, cell phones, home phones. But also the office numbers, the main office numbers for AP offices in New York, Washington, the House of Representatives and Hartford, Connecticut.

So over 100 -- approximately 100 journalists used these telephone lines as parts of news gathering. And over the course of the two months of the records that they swept up, thousands upon thousands of news gathering calls were made.

SCHIEFFER: And this was because the Associated Press had done a story last year -- tell us what that story was.

PRUITT: It was a very big story.

So the AP -- and while the Justice Department has hasn't told us this is the case, we know there's a -- an announced public investigation to leaks in this case and the focus was on this story. It was a story that only AP had. AP obtained knowledge that the U.S. had thwarted a -- an al Qaeda plot to place a bomb on an airliner bound for the United States. And it was round about the first anniversary of the killing of Osama bin Laden.

SCHIEFFER: So this was good news.

PRUITT: This was very good news, but strangely, at the same time, the administration, through the press secretary and the Department of Homeland Security, were telling the American public that there was no credible evidence of a terrorist plot related to the anniversary of the killing of Osama bin Laden. So that was misleading to the American public.

We felt the American public needed to know this story.

SCHIEFFER: Now, when you got this story, at first the people who gave it to you asked you to hold it for a certain time.

PRUITT: Yes.

So what happened was we got this story. We went to the government -- the White House, intelligence agencies -- they said there's a national security risk if you run this story, if you go this story at this time.

We respected that. We acted responsibly. We held the story.

SCHIEFFER: Then?

PRUITT: Then five days -- we held it for five days. On the fifth day, we heard from high officials in two part of the government that the national security issues had passed and at that point, we released the story.

SCHIEFFER: And am I -- am I correct in saying that when you decided finally to release it, then you got word that the White House did not want it released because they wanted to announce it themselves?

PRUITT: The White House wanted to -- wanted us to hold it another day because they wanted to announce this successful foiling of the plot

SCHIEFFER: So they didn't want to get scooped.

PRUITT: I guess. I guess -- they didn't tell us their motive, but it certainly seemed that way to us. We didn't think that was a legitimate reason for holding the story. The national security issues had passed, we released the story.

SCHIEFFER: You released the story.

And if memory serves, the top terrorism guy on the White House, John Brennan, went on television the next morning and told the story.

PRUITT: Yes, the administration was very aggressive in telling the story.

SCHIEFFER: Did they ever at any point ask you for these phone records?

PRUITT: No. We never heard about it whatsoever. We knew that there was a publicly announced there was an investigation into the leak. But the first we heard was a week ago last Friday when we got the notice that they had swept up these records earlier this year for a two-month period in 2012. And so that's the first we'd heard of it. And so now they possess the phone records of thousands of news gathering phone calls of the Associated Press, and they are required to narrow -- under their own rules -- they are required to narrow this request, as narrowly as possible, so as to not tread upon the first amendment. And yet, they had a broad sweeping collection, and they did it secretly.

The rules require them to come to us first but in this case. They didn't, claiming an exception saying that if they had, it would have posed a substantial threat to their investigation. But they have -- they've not explained why it would, and we can't understand why it would. We never even had possession of these records. They were in the possession of our telephone service company. And they couldn't be tampered with.

So usually they would come to us. We would try to narrow the request, the subpoena. If we didn't come to an agreement, we could go to a judge, and an independent arbiter could decide on the scope of the subpoena. We never got a chance.

SCHIEFFER: What do you think their motive was here? Were they trying to intimidate you? Were they trying to -- when they release this information, intimidate other news organizations. I mean, what's your feeling about that?

PRUITT: I really don't know what their motive is. I know what the message being sent is, is that if you talk to the press, we're going to go after you. We're going to go after these leakers.

I don't know what their motive is, but I can tell you their actions are unconstitutional. We don't question their right to conduct these sort of investigations, we just think they went about it the wrong way -- so sweeping, so secretively, so abusively and harassingly and overbroad, that it constitutes that's it is an unconstitutional act.

SCHIEFFER: What would you have done if they had come to you?

PRUITT: Well, we don't know. Because we don't know what would have happened in that case.

But we would have saw the to sought to narrow this request so that it wasn't so sweeping. But I'm not sure we could have reached an agreement. But then we could have gone to the judiciary, to the courts, to decide this, as opposed to the Justice Department acting on its own, being the judge, jury, and executioner in secret.

SCHIEFFER: What do you think the impact on journalism is, will be from this?

PRUITT: I think that that it will hurt journalism. In fact, we're already seeing some impact. Already, officials that would normally talk to us and people we talk to in the normal course of news gathering are already saying to us that they're a little reluctant to talk to us. They fear that they will be monitored by the government. So we're already seeing. It's not hypothetical. We're actually seeing impact already.

SCHIEFFER: You know, a lot of people think, well, it's those reporters. They're just looking out for themselves. But that's not really the point. In a democracy, the great thing about a democracy is in a totalitarian system of government, the only source of information comes from the government.

In a democracy like ours, people can take independently gathered information, gathered by journalists like you, and compare it to the government's version of events. It seems to me that, that hampers that in some way.

PRUITT: It sure does. I mean, if the government -- the government has no business having control over all -- monitoring all of this news gathering information from the Associated Press. And if they restrict that news gathering apparatus, you're right, the people of the United States will only know what the government wants them to know. And that's not what the framers of the constitution had in mind when they wrote the first amendment.

SCHIEFFER: Gary, thank you very much.

PRUITT: Thank you very much.

SCHIEFFER: OK, and good luck, stay with it. Back in a minute.

(COMMERCIAL BREAK)

SCHIEFFER: Well, here we are back now with our panel. Lois Romano is senior political writer at Politico. Dan Balz has been off writing a book about the 2012 campaign that will be out in August. We're happy to have gotten him away from his typewriter and his book editor. He's also the chief correspondent at the "Washington Post." David Sanger is the chief Washington correspondent of the "New York Times." We're trying to catch him before they haul him off to jail because he has some pretty good leaks that he's been reporting on at the "New York Times."

And, of course, our own political director John Dickerson. John, you don't seem to be in trouble.

JOHN DICKERSON, CBS NEWS POLITICAL DIRECTOR: Well, not yet, but I haven't started talking yet, Bob.

(LAUGHTER)

SCHIEFFER: Well, I don't know where we start this morning.

Let's just start with this whole business. Lois, this whole business with the president suddenly all these controversies that he is finding himself engulfed in. And then we hear the White House say this morning, well, they have given out orders they'll devote only 10 percent of their time dealing with these issues.

LOIS ROMANO, POLITICO: Yeah, I'd like to see that happen. You know, a second term presidency by its very definition, the president is on the clock. I mean, every day he's losing power, and this just accelerates that clock. So, you know, it's distracting. It's impacting his ability to execute his legislative agenda. And I don't think that

they can spend just 10 percent on it to move forward.

SCHIEFFER: Dan, you've been around here -- not as long as me; no one has, but...

(LAUGHTER)

BALZ: Getting close, though, Bob.

(LAUGHTER)

SCHIEFFER: What's happening here? And how serious is this?

BALZ: Well, it's obviously very serious. I mean, Lois is right. The president, in his second term, is on a clock. And I think that one of the ways to measure this is to go back to Inauguration Day and think of what the president looked like on that day. He had an expansive agenda. He was assertive. He was taking the fight to the Republicans. He was on the offensive.

Today he's clearly on the defensive. His agenda is very much constrained. There are questions about his authority at this point. And they now have a series of investigations -- and they can call them political or they can call them whatever they want, but nonetheless these are investigations that are going to go on for a long time. And the idea that you can compartmentalize scandals here, everything else over here, I think, is probably not going to happen.

SCHIEFFER: I would tend to agree with that. Which is the -- the worst thing the president's got to deal with here, David, Benghazi, the IRS, the AP leaks?

SANGER: My guess is it's the IRS because this is the one institution that all Americans know, all Americans know about, and it's not the most loved institution in America, on top of which, if the president didn't know about this -- and so far there's been no evidence that he did -- since the issue of whether or not the scrutiny that was being applied to these groups and those associated with the Tea Party was out there and the subject of congressional discussion, it does raise the interesting question of why the White House didn't get out ahead of it, particularly as they were headed into a reelection campaign.

And that's the paradox of this administration. There are some issues on which they do get out proactively, ahead of it. The bin Laden raid was one. They thought out an approach to Afghanistan that didn't work, and they then thought out a new one. They do a not very good job, though, of getting out and explaining their thinking.

So it's not until later on this week the president's coming out with a big speech to explain his drones policy. He could have gotten out ahead on so many of these issues. And it's just, sort of, an attitude of "Trust us."

DICKERSON: Well, also, I think that, when you look at the 10 percent that you mentioned, Bob, the White House is trying to say we want to be focused on important business, but this is getting in the way of important business in a crucial way that voters out there, who already have a distrust of the government -- only 73 percent of the country trust in government -- are they going to trust in the government in the wake of these issues, to handle a big, comprehensive immigration, to handle the implementation of the president's health care bill.

The president is making an argument on his budget where he says give it a balanced approach, where we spend some money on government and the good things it can do. Are people going to buy that now that they have an even worse feeling about government in the wake of these -- of these various scandals?

And it's not just -- David mentions they didn't get on top of this when it first came out. When the president sees it in his political interests to get out on top something, he does. In this case, they said, well, we were waiting for the official report to come out. That's the prudent thing to do. But what they know at the White House, also, is that sometimes you do -- you have to do something imprudent because of the political moment.

And when it's in their interests; when it's on, say, an issue that women voters care about, they will throw prudence to the wind and the president will step out and say something. In this case he waited too long and it gets defined for him.

SCHIEFFER: Lois, how do Republicans handle this from here on in? Already you're hearing people saying, you know, they're going to run the risk of doing what Newt Gingrich did during the Clinton impeachment. They took it a step beyond, probably, where it shouldn't have been. They wound up losing seats and Gingrich had to go.

ROMANO: Well, I think what you saw this week, Bob, was a -- was a pulling back. You know, there was a lot of hysteria early in the week and everybody calling investigations. And then a little -- it got a little bit muted, and

the speaker, Boehner, was saying let's just all take a deep breath and see what happens. Even Congressman Issa was saying, you know, let's see what happens.

But I still think that the Republicans have to make a decision whether they want to spend the next two years on multiple levels doing investigations or are they going to try to separate a little bit and do some legislating, you know, as part of their redesign, reinvention of themselves?

SCHIEFFER: What about that, Dan?

BALZ: Well, the Republicans clearly have some choices to make. I mean, on the one hand, what's happened over the last 10 days clearly fires up the Republican base. And Republicans will want a fired-up base when they go into the 2014 midterms. On the other hand, as Lois says, if they overplay, they run the risk of having happen a backlash. If the president's approval ratings hold up through this period and they go after him, then they risk a backlash.

And the other aspect -- and it relates directly to immigration -- Republicans have some things they would like to get done, or at least some part of the Republican Party would like to get immigration done. We don't know how this is going to affect it. We don't know whether they will circle the wagons and go in a way that they did in the first term in deciding to resist everything the president wants to do or they will see self-interest in trying to get some of that done.

So they've got some tough choices.

SCHIEFFER: There's also a lot of things going on in the world here. North Korea fired some more missiles over the weekend, I guess it was. The war on Syria seems no nearer to resolution, David, than it ever was. Bring us up to speed on that.

SANGER: Well, in North Korea's case, I don't think the missile launches were a particular surprise, and if this helps diffuse the crisis by letting them shoot a few short -- short-range missiles into the ocean, then it's probably not -- not so bad.

Syria is a much more difficult situation right now because the president has been reluctant to get the United States involved, and yet nobody has very much of a sense that any of the peace initiatives they have under way, including a conference that Russia and the United States and others will participate in, is going to get very far. In fact, President Assad himself said to his own media that he didn't think this could be resolved that way.

And that only pushes down the question of when the president may decide the United States has got to get more deeply involved. My guess is that all of the issues we've been discussing today are going to push this president to be more of a foreign policy president because it's the one area where he can act much more by himself.

SCHIEFFER: But, you know, when you start talking about what to do and who do you help in Syria, you get to the question, what can we do? Should we even -- Bob Gates says there's not much we can do. When I asked him this question, the former secretary of defense and all of that, he said, "Why are you asking what can we do?" He said, "It is also a question of what can others do?"

SANGER: Well, that's right, and the paradox here is that, if the United States doesn't take the lead, others won't come in. And yet President Obama's own doctrine since coming in, after trying to undo the damage of some of the Bush years, was to say the United States can't afford to get into these by itself, can't police the world by itself.

The difficulty they run into is, if the United States doesn't, as Secretary Gates said to you, it's unlikely others will as well. So you have to, sort of, decide, yeah, we can sit back and allow, what, 70,000 or 80,000 people now who have been killed already in this awful civil war.

SCHIEFFER: John, I'm going to ask you about something that we just flatly didn't get to this morning because there's so much else to talk about, and that is that the secretary of health and human services, Kathleen Sebelius, has been soliciting money from health organizations to promote the president's health care program. Would you explain what that's about?

DICKERSON: Well, that's because basically they don't have the -- two problems, one, the health care program needs to be implemented now. We know about its passage, but there is a real danger that, as it gets implemented, because Republicans have resisted it at the state level, and also in the federal budget, there's not enough money for it, so she's looking for money to find a way to implement this program.

Well, the problem is, when you start going to companies that have an interest in the implementation of the program, or that's the charge from Republicans, then you are -- you've got yourself a problem there because they can -- they can seek advantage from the government by helping the government out.

And so this is another instance in which -- conservatives have linked all of these scandals, and the White House will say, "Oh, well, this is just their effort to keep the scandals in the news and there's no real linkage," but conservatives make this argument that, when you have a big program like the Affordable Care Act, you have a monstrous institution like the IRS, that big government, left to its own devices, goes off and does crazy things like this and that this is an argument for smaller government, whether you're talking about the affordable health care act or whether you're talking about the IRS.

SCHIEFFER: But, Dan, isn't that a conflict of interests if health insurance people start contributing money to promote the president's health care plan?

BALZ: Well, it may be, it may well be, and Senator Alexander from Tennessee, a Republican, is on a tear on this and is trying to find out exactly what she is doing and whether it violates any law.

I mean, I think -- I mean, to the point that John made, I mean, this issue of does government work or not -- I mean, the president has always said it's not an issue of big government or small government; it's a question of can our administration show people that government can be smart and effective.

And on this weekend you have four of the most important agencies -- and five if you include HHS -- under a cloud. You have the Justice Department, the State Department, the Pentagon over sexual assaults, and Treasury over the IRS, and HHS on the Affordable Care Act, all with questions about legality, competence, managerial strength.

So people look at the government and say, under this president the government is not working. People can decide who is at fault on that, but I don't think there's any question that it's not working right now. SCHIEFFER: Lois, you've been around here for a while. What do you make of all this? I mean, have you ever seen anything quite like what's going on in Washington right now, where the government is basically paralyzed and we're all engulfed in all of these controversies?

ROMANO: Well, Watergate, to go...

(LAUGHTER)

SCHIEFFER: There is that.

ROMANO: ... to go to your earlier -- I really haven't, where five agencies are totally paralyzed. I think, when the dust settles, though, I agree with David, that it's going to be about the IRS.

You know, for all the complaining and how upset first amendment rights people are about the AP situation, I'm not sure the public really cares, or they don't quite understand how it might affect the broader dissemination of information.

But I think everyone gets the IRS. And the White House and the IRS hasn't really come up with a seamless narrative on this.

(CROSSTALK)

SCHIEFFER: Go ahead, John.

DICKERSON: It seems like it's the paralysis of incompetence, versus Watergate, which was actual venality, actual bad behavior, using the government to direct.

(CROSSTALK)

And to your point, Bob, about Benghazi, you had the person coming out speaking for the government who was not involved in the creation of the document that would tell her what to say. That disconnect between the government -- Susan Rice I'm talking about, who came out and spoke about what happened in Benghazi -- we saw from these e-mails released this week was not involved in the crafting of what she would say.

Now, that's, kind of, standard operating procedure in administrations, this careful crafting of talking points, but that's the wrong procedure if the point is to actually try and find out what happened.

SCHIEFFER: All right. Well, I want to thank you all, and I'm sure we're not going to solve it this morning. It's

going to take a while to get this sorted out.

We'll be right back with our "Face the Nation" flashback.

(COMMERCIAL BREAK)

SCHIEFFER: And finally today, from our "You cannot make it up" file, this weekend marks the 40th anniversary of the Watergate hearings, the investigation into the granddaddy of modern political scandal, skulduggery, leaks, lies and Washington cover-ups.

So, of course, it's our "Face the Nation" flashback.

(BEGIN VIDEOTAPE)

JOHN DEAN, FORMER WHITE HOUSE COUNSEL: I began by telling the president that there was a cancer growing on the presidency.

SCHIEFFER (voice over): White House Counsel John Dean blew the lid off the Watergate cover-up when he implicated Nixon and top aides, himself included, in his Senate testimony. During the hearings he described Nixon's obsession with disarming political opponents.

DEAN: There was also maintained what was called an enemy's list, which was rather extensive and continually being updated.

SCHIEFFER: Dean told the committee that Nixon's enemies were being audited by the Internal Revenue Service, a claim verified when Watergate special prosecutors subpoenaed White House audiotapes.

FORMER PRESIDENT RICHARD M. NIXON: We have to do it artfully so that we don't create an issue by using the IRS politically.

DEAN: That's right.

NIXON: And there are ways to do it, God damn it. Sneak in in the middle of the night.

SCHIEFFER: Note to those who missed the point: Didn't work then, won't work now. Someone always tells a reporter. And reporters protect their sources, which is what FBI official Mark Felt said on "Face the Nation" in 1976 when he talked about the importance of whistleblowers.

(UNKNOWN): What I'm wondering is that, whether you want to take credit at this time for helping unmask any of the Watergate cover-up?

FELT: No, no. I am not Deep Throat. And the only thing I can say is that I wouldn't be ashamed to be because I think whoever helped Woodward helped the country. No question about it.

SCHIEFFER: What we later learned, of course, was that Mark Felt was Deep Throat, and he guided reporters Bob Woodward and Carl Bernstein through the web of deceit that was Watergate, a scandal that brought down the president. Our "Face the Nation" flashback.

(COMMERCIAL BREAK)

SCHIEFFER: That's it for us this morning. Be sure to tune into "CBS This Morning" tomorrow for the latest on all of this and more. As for "Face the Nation," we'll see you next Sunday right here, same time. Thanks for watching.

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